



# **CITY COUNCIL**

## **CITY AND COUNTY OF HONOLULU**

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**FOR IMMEDIATE RELEASE ON**  
June 9, 2006

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### **COUNCILMEMBER DJOU: CITY RIDING THE RAIL TO LA-LA LAND**

Honolulu City Councilmember Charles K. Djou (Waikiki, East Honolulu) reacted to the recent declaration of war by Honolulu's Mayor on Hawaii's Governor over the mass transit general excise tax increase.

"After failing to convince the Honolulu City Council to appropriate \$5 million for a *state* tax system and then remarks that the governor is in 'denial' and in 'la-la land,' the mayor has undermined confidence in government's ability to execute on a mass transit system. The proposed rail will be the biggest public works project in Hawaii history and it will be financed by the largest tax increase in our history. The city's handling of this project, however, has been nothing but petty and immature," stated Councilmember Djou. "Between the massive tax increase, questionable contracts, and the bungling of the rail tax collection, it is clear that the residents of Honolulu are being taken for a ride. This all bodes very poorly for the future of Honolulu's multi-billion dollar rail system."

### **The Tracks to a G.E.T. Train Wreck**

- January 5, 2005 – Mayor Hannemann, in his inaugural address, pledges to end the long history of feuding between Honolulu’s mayor and Hawaii’s governor.
- July 11, 2005 – The governor, mayor, and state legislative leaders agree to enact a state law that allows the city to increase the general excise tax from 4% to 4.5% for a mass transit system on the condition that the city collect the tax increase.
- August 10, 2005 - The Honolulu City Council votes 7 to 2 to raise the general excise tax from 4% to 4.5%, effective January 1, 2007. Councilmembers Djou and Marshall vote against the tax increase.
- November 28, 2005 – The first contract for the mass transit system issued by the City raises questions about compliance with federal procurement rules. Councilmember Djou requests the U.S. Department of Transportation Inspector General’s Office to review the matter. This case is still pending investigation.
- May 4, 2006 – The state legislature adjourns without either giving the city the power to collect the excise tax increase or an appropriation to pay for the state’s cost to collect the excise increase.
- June 7, 2006 – At 8:13 a.m., the mayor asks the City Council to amend the city’s \$2.1 billion budget, up for a final vote at 10:00 a.m., for a last-minute appropriation of \$5 million to cover the state legislature’s failure to fund the cost of collecting the general excise tax increase. At 12:30 p.m., on a 6 to 3 vote, the Honolulu City Council rejects the mayor’s request. Hannemann administration officials declare that the general excise tax increase would be delayed to January 1, 2008.
- June 8, 2006 – Governor Lingle reminds Mayor Hannemann that he agreed to have the city handle the collection of the excise tax increase. Mayor Hannemann responds by threatening to sue the governor.

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